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NASA Procedural Requirements

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 (NASA Only)**Subject: NASA Equipment Management Procedural Requirements****Responsible Office: Logistics Management Division**

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Chapter 4: Equipment Physical Inventories

4.1 Inventory Scheduling and Personnel

4.1.1 Purpose. To define requirements and procedures for conducting physical inventories of Center equipment, the following is provided:

- a. Objectives of the inventory process.
- b. Types of inventories.
- c. Inventory schedules.
- d. Personnel and resources required to conduct equipment physical inventories.

4.1.2 General Objectives.

4.1.2.1 As an essential element of the NASA Equipment Management Program, physical inventories provide a means for the following:

- a. Determining the completeness and accuracy of the equipment records in the NASA PP&E System.
- b. Reconciling and adjusting the equipment records in the NASA PP&E System, as required.
- c. Assessing the effectiveness of equipment control procedures and operations.
- d. Obtaining information needed for accomplishing broader aspects of equipment management, such as equipment utilization and repair.

4.1.2.2 Physical inventories are designed to achieve the following objectives, depending on the type of inventory being taken:

- a. Verifying that recorded equipment is still on hand.
- b. Confirming or determining current user location and custodial responsibility for equipment.
- c. Identifying unrecorded equipment that qualifies for control.
- d. Locating or identifying missing equipment.
- e. Identifying obviously unused or underutilized equipment.
- f. Identifying equipment obviously in need of repair or rehabilitation.

4.1.3 Types and Frequency of Inventories

4.1.3.1 A complete physical inventory of capital equipment shall be performed annually at each Center. This requirement does not apply if the Center is performing a (wall-to-wall) physical inventory of all its controlled property annually.

4.1.3.2 A complete physical inventory of all controlled equipment shall be completed at each Center at least once every three years. The inventory method, at a minimum, is designed to achieve the objectives stated herein, with reconciliation being completed before the inventory campaign is closed. Each Center should utilize or design an inventory, by exception process, to achieve a complete inventory. The inventory by exception (See Section 4.1.3.2.c) process is at the discretion of the Center's SEMO.

a. The inventory is accomplished through a combination of various methods such as visual inspections, custodian validations, and activities in the NASA PP&E System or is conducted through the traditional wall-to-wall visual inspection and recording.

b. A cyclic inventory is achieved by the objectives as set forth in Section 4.1.2.2. An inventory that merely serves to locate items currently charged to a property management account area does not meet the requirement for a complete physical inventory.

c. Inventories by exception are conducted using various equipment record updates involving "touching" the equipment, such as new user acceptance, or equipment returned from an out status.

d. Items on borrow (to another NASA entity or employee borrow) or on loan (to organizations outside NASA) shall be identified in the NASA PP&E System with an "out" status code. The Out Status Expiration Report in Business Warehouse provides a list of equipment on borrow or loan. The Center Equipment Manager ensures that equipment status code (loan and borrow) is current and has not expired. Equipment in an out code status is not reflected in the inventory results, and scanned, should produce an overage during the reconciliation. To resolve the overage, the out code status on the EMR shall be updated.

4.1.3.3 SEMOs shall perform a 20-percent random physical inventory of the Center's sensitive items annually; this requirement does not apply if the Center is performing a (wall-to-wall) physical inventory of all its controlled property annually. If a custodian account cannot account for all of the sensitive items listed on the sample inventory, the SEMO requires a 100-percent sensitive item inventory be done on that custodian account. The Center Equipment Manager assigns a responsible person to ensure that corrective actions are taken in a timely manner. The results of the inventory are documented and kept on file.

4.1.3.4 When a property custodian account changes hands, the outgoing and incoming custodians jointly conduct a full inventory of the account before acceptance by the incoming custodian. The inventory can be waived if both the incoming and outgoing property custodians agree and receive written approval from the division directors and Center Equipment Manager. Documentation to support this agreement should be retained by the Center Equipment Manager.

4.1.3.5 Special inventories are conducted at the discretion of the Center's SEMO. The special inventory would be designed to achieve one or more objectives, depending on the purpose for which the inventory is taken. The results of special inventories can also be credited to cyclic and the property custodian's inventory requirements.

4.1.4 Inventory Schedule

4.1.4.1 The Center Equipment Manager shall develop a written schedule and plan, including allowances for contingencies, for accomplishing all physical inventories (See Sections 4.1.3.1, 4.1.3.2, and 4.1.3.3). A copy of the inventory schedule is forwarded to the NASA Headquarters, Logistics Management Division.

4.1.4.2 Pre-inventory reports are provided in the Inventory Campaign under the Plant Maintenance Module in the NASA PP&E System to aid each Center in the development of its inventory schedule.

4.1.4.3 Current information comparing the status of inventory progress to the schedule shall be maintained and used to revise the schedule, when necessary, to ensure the completion of all inventories.

4.1.4.4 The inventory schedule is manual or automated and contains, at a minimum, the data elements listed below:

- a. Identification.
- b. Name of property custodian.
- c. Identification of the custodian account.
- d. Location of accounts.
- e. Events.
- f. Scheduled start date.
- g. Actual start date.

h. Notifications.

- (1) Date of pre-inventory notification.
- (2) Date custodian notified of results.
- (3) Date division notified of results.

4.1.5 Inventory Personnel

4.1.5.1 The SEMO designates, in writing, individuals responsible for conducting complete, cyclic, capital, sensitive, and special inventories. These individuals are fully instructed in inventory techniques technologies. The property custodian, the Center Equipment Manager, the program/project directors, or other persons, as deemed necessary, assist in physical inventories.

4.2 Inventory Procedures

4.2.1 Purpose. This section establishes basic procedures required to prepare for and complete cyclic, capital, sensitive, special, and new property custodian inventories. The detailed operating instructions used by each Center shall, at a minimum, incorporate these procedures.

4.2.2 Pre-inventory Actions for Cyclic Inventory

4.2.2.1 The SEMO shall provide written notification to the property custodian and division director of the planned inventory at least 30 work days in advance. The notification shall include the following:

- a. Instructions regarding actions to be taken to expedite the inventory.
- b. The inventory method to be used and an advisement to the property custodian and division director or chief of the anticipated impact to the organization.
- c. Assurance that upon request, the property custodian can provide a current record of all controlled equipment charged to the custodian's area.

4.2.3 Actions During an Inventory

4.2.3.1 The inventory team shall conduct the inventory discreetly and with minimal disturbance to the organization.

4.2.3.2 Items found borrowed from other management areas are reconciled by the responsible property custodian.

4.2.3.3 Equipment on loan or lease from organizations outside the Center should contain bar coded loan or lease tags, which are identified or scanned as they are found within the inventory accounts. Loan and lease items shall be processed as inventory updates if the equipment account and location correspond to the account and location recorded in the NASA PP&E System.

4.2.3.4 Equipment that appears to be excess, worn out, or in need of repair are noted during an inventory. The results of the inventory report will highlight the finding for follow-up action by the appropriate property custodian or assigned user.

4.2.3.5 Equipment that appears to be unused or underutilized shall be noted during an inventory. The results of the inventory report highlight the findings for the appropriate property custodian to obtain user verification of status or return.

4.2.3.6 Equipment Found on Station (FOS) during the inventory, which meets the criteria for control, shall be identified to the using organization, tagged, and recorded during the inventory using NF 1618, FOS Investigation Report.

4.2.4 Cyclic Inventory Reconciliation and Adjustment

4.2.4.1 Reconciliation and adjustment to the NASA PP&E System is accomplished prior to closing the cyclic inventory, but no longer than 60 working days from the completion of the physical inventory. All reconciliation and adjustments to the inventory are supported by documentation.

4.2.4.2 The Center Equipment Manager takes actions to input data on controlled equipment during the inventory to the appropriate EMR. This action is completed within 30 working days after such discovery.

4.2.4.3 NASA Form 598, Report of Survey, is initiated by the property custodian for all items not found during the inventory. With the implementation of the NASA PP&E System, NF 1602 is no longer used and is not submitted to the Center SEMO with the Survey Report. The Center Equipment Manager leaves the block for "1602 Obtained" in Part III (Equipment Management Use Only) of the NF 598 unchecked.

4.2.5 Sensitive Item Inventory

4.2.5.1 A 20-percent random physical inventory of sensitive items is conducted annually by the SEMO. The NASA PP&E System generates a 20-percent random sample of the Center's sensitive items and sorts the sample by property custodian account.

4.2.5.2 The sensitive item inventory requires an actual sighting of the sensitive item. A separate sensitive inventory file should be established to document the results of each sensitive item inventory. If a custodian account cannot produce all of the sensitive items listed on the sample inventory within seven work days after the inventory, the Center Equipment Manager shall require a 100-percent physical inventory of all sensitive items for that custodian account.

4.2.5.3 The sensitive item inventory is considered complete when all items are accounted for and Survey Reports are submitted for missing items.

4.2.6 New Property Custodian Inventory

4.2.6.1 When a property custodian account is assigned to a new property custodian, a 100-percent inventory should be taken of the area. The outgoing and incoming custodians have the responsibility to perform this inventory together. However, inventory personnel are contacted for assistance. Prior to the outgoing property custodian's departure, the director or chief shall submit a statement to the Center Equipment Manager and the incoming property custodian. The statement confirms that all items were found or reports of surveys were submitted. Each Center sets its own policy and procedure regarding the use of the standard inventory scanners and bar code readers for this type of inventory.

4.2.7 Other Special Inventory. Special inventories are conducted as directed by the SEMO.

4.3 Inventory Reports and Files

4.3.1 Purpose. This section identifies the inventory reports to be provided to the division directors, the property custodians, and the Center Director. It also prescribes the cyclic inventory files to be maintained for each property management area. 4.3.2 Inventory Reports to Division Directors and Property Custodians

4.3.2.1 Within 30 working days after completion of the inventory of a property management area or grid location, the SEMO provides the property custodian(s) and the appropriate division director a report of inventory results. The report is submitted in an electronic form for streamlined communication objectives and shall, at a minimum, include the following:

- a. Start and completion dates of the inventory.
- b. Number and value of recorded items charged to the property custodian account that were found in the area.
- c. Number and value of recorded items charged to the property custodian account that were not found in the area and not covered by documented loans.
- d. Number and value of unrecorded items found in the area that meet the criteria for control.

4.3.2.2 The property custodian has 30 work days to correct cited discrepancies and submit survey reports, unless the SEMO grants an extension in writing.

4.3.2.3 After all accounts within a division or grid location have been inventoried, the SEMO provides the responsible division director with a summary report of all accounts within the division.

4.3.3 Inventory Results to Management

4.3.3.1 A report indicating the results of the physical inventory, including capital equipment and sensitive item inventories, during the inventory period shall be prepared annually by the Center SEMO. This report is submitted within 90 work days to the Center Director or one-level subordinate to the Center Director. A copy is forwarded to the NASA Headquarters, Logistics Management Division, within 120 calendar days from the close of the inventory. This report includes the following:

- a. Number of property management areas and number of items scheduled for inventory during the period.
- b. Number of property management areas for which a physical inventory was completed during the period.
- c. Number of items and value of equipment inventoried.
- d. Number and value of items added to the records as a result of the physical inventory.
- e. Number and value of lost items surveyed from the records as a result of physical inventory.
- f. Number and value of items that were previously surveyed and added to the records as a result of the physical inventory.
- g. Conclusions and any procedural changes initiated following analysis of the inventory results; Including any

equipment or items found that are no longer required and have been turned in to the Disposal Office for action.

4.3.3.2 The final report for each cycle is accompanied by a summary report that reflects the overall results of the inventory for the period. Center senior management, SEMO, and the Center Equipment Manager at NASA Headquarters should also be informed of reasons for large increases or decreases in adjustments, additions, and surveys.

4.3.4 Inventory Files

4.3.4.1 In addition to the overall inventory schedule and plan prescribed in this section, files are established and maintained for each property management area or custodian account. Each file should contain all necessary documents to clearly indicate the status and results of the inventory in each area. Examples of documents to be included are the following:

- a. Notification to the property custodian of the schedule for inventory.
- b. Designation of individuals responsible for taking the inventory.
- c. Upon request, a listing of items charged to the area at the beginning of the inventory; the size of the listing for a large account prohibits retention in the central file.
- d. Upon request, a report to the property custodian and the respective division director or chief of the inventory results, as prescribed in Section 4.3.3.

4.3.4.2 A new file for each property management area or custodian account shall be established for each inventory cycle. Files generated during the preceding inventory cycle are retained at the Center.

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